

## DIRECTIONS FOR COMPLETING THE ANNUAL REPORT

(Or, How Do We Avoid a Review Letter?)



The purpose of the analytical review of the annual report is to identify missing information, information that is not provided as completely as indicated in schedule head notes and the Uniform System of Accounts, or information that is filed incorrectly due to misunderstanding of the data request.

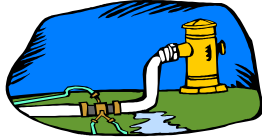
The format of the annual report has been thoroughly reviewed and all requested data is necessary for rate case calculations, construction review and various other proceedings and reports of the Commission. In order to complete the report accurately and avoid an analytical review letter, the following directions should be studied.



**1) Read and follow the directions** in the schedule head notes to all annual report schedules before completing the schedule. The reviewer looks for data that satisfies the criteria of the head note. Head notes usually supply threshold dollar or percents where explanations are required or identify specific entries or conditions that require explanations. Account titles or variations, and terms such as “miscellaneous”, “general,” or “other” are generally unacceptable as descriptions. Consult the following for assistance with reporting requirements:

- The Uniform System of Accounts (USOA)
- The Water Utility Reference Manual
- The Municipal Annual Report Reference Manual for Electronic Filing (now included in WEGSARS as Help screens).
- PSC staff at (608) 267-2335 or by email at [arhelp@psc.state.wi.us](mailto:arhelp@psc.state.wi.us) for WEGSARS questions or the DWCCA receptionist at (608) 266-3766 or [waterhelp@psc.state.wi.us](mailto:waterhelp@psc.state.wi.us) for accounting-related questions.
- Prior-year analytical review correspondence.

**2) Use the schedule footnote feature as directed and also to explain any unusual situations which are likely to cause staff to question an entry or adjustment.** Avoid reference to other documents or neglecting to explain an item just because it was explained in a previous year, a commission proceeding, or previous correspondence. Each report should stand alone and be complete in all particulars so that staff is not looking to prior-year reports or other documents to explain current-year issues. Explanations provided in prior-year schedule footnotes should be provided every year the situation remains the same.



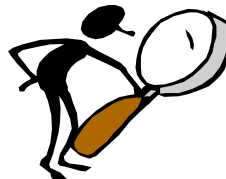
3) Utility plant-in-service account dollars should correspond to statistical schedules:

- Complete all adjustments from prior-year review letters.
- When unit additions or retirements are reported for mains, services, meters, and hydrants, there must also be corresponding utility plant-in-service dollars reported as added or retired from the corresponding accounts in the plant schedule, or a schedule footnote provided.
- Adjustments to all plant and statistical schedules should be explained.
- In general, plant-in-service account dollar activity should correspond to statistical schedules detail/changes. For example, if there are water treatment plant dollars, the water treatment statistics should be provided.
- Explanations should be provided for financing of water mains and services. Especially describe briefly the basis for special assessments.

4) Fringe benefits such as retirement, health insurance, other insurance, and social security taxes **should not** be allocated to labor expense accounts. Fringe benefits must be reported in Account 926 (Account 686 for Class D utilities) and taxes must be reported in Account 408. Expense variations from the prior year greater than the head note threshold should be explained.



5) The WEGS annual report shall not include any telecommunications balance sheet information or any income account information from telephone operations in the WEGS annual report. They are required by the Commission to be reported separately.



6) If you have questions or comments regarding the annual report or the reporting process, do not include them in the annual report schedule footnotes as it may be months if ever before they are noticed. Instead, call the help desk at (608) 267-2335; email to [arhelp@psc.state.wi.us](mailto:arhelp@psc.state.wi.us), or write to the attention of Pete Leege at the Commission.